

Discretionary Council Tax Hardship Covid-19 Policy 2020/2021

1. Background

As part of its response to Covid-19, the Government announced in the budget on the 11th March 2020 that it would provide Local Authorities in England with £500 million of new grant funding to support economically vulnerable people and households in their local area. Chichester District Council's allocation of this funding was £699,209.

The expectation is that the majority of this hardship funding will be used to provide council tax relief, alongside existing local council tax reduction (CTR) schemes. Billing Authorities have been directed to provide all working age recipients of CTR with a further reduction of £150 for the 2020/21 financial year.

Having allocated the grant to reduce the council tax of working age CTR recipients billing authorities have the freedom to establish their own approach to using any remaining grant funding. This may include, but is not restricted to:

- Council tax relief using discretionary hardship policies, adapted where necessary in order to capture those most likely to be affected by Covid-19 and
- Additional support outside the council tax system through welfare or similar schemes;
- A higher level of CTR for those working age CTR recipients whose liability exceeds £150.

2. Legislation

Section 13a of the Local Government Finance Act 2012 enables a billing authority to reduce a sum owed in council tax, including reducing it to nil.

This is done via the CTR scheme, which includes discretionary provision to support people disadvantaged by the banded scheme for Universal Credit (UC), customers whose CTR awards have been adjusted who face financial hardship and for care leavers. Awards including discretion are defined by the CTR scheme rules 2020-2021.

Customers who still face hardship after considering the support provided by the CTR scheme including discretion or those not eligible for CTR can make

an application under 13a(1)(c) of the Act. This process is defined by the Councils Council Tax Discretionary Reduction Scheme Policy.

This Discretionary Council Tax Policy (DCTR Covid-19) is intended to work alongside these existing schemes, offering support to those financially impacted by Covid-19 who demonstrate financial vulnerability and difficulty in meeting the cost of their council tax.

3. Progress to date

As of the 31st May 2020, the Council has paid a total of £151,232 to around a 1000 working age council tax reduction recipients. There are currently 6519 households claiming CTR across the district of whom 3548 or 54% are working age. Therefore just under a third of working age recipients have benefited from the additional £150 afforded by this emergency funding. The remainder of this group would be in receipt of maximum support with no remaining liability and therefore are not eligible for the funding.

4. Future considerations

Unemployment is predicted to peak in 2020 to 2.5 million, remaining higher than pre Covid-19 until 2024. This represents an increase of 92%, if this predicted increase follows through to demand for means tested benefits such as CTR we can expect our working age caseload to increase by a similar amount. Therefore provision needs to be made within the remaining grant funding to support new working age claims made in the 2020/21 financial year.

To date we have seen a 10% increase in working age CTR claims. Locally there has been a sharp rise in the number of UC claims however this increase has not yet translated into a similar increase in CTR claims. This could be due in part due because of the financial support provided by the Government's PAYE furlough and the self-employed support schemes. However it is anticipated that when these schemes end (October 2020), and when employers need to make a contribution to these schemes (from July 2020) that this may impact on employment and therefore increase demand on welfare support including CTR.

5. Further support distribution

Three groups have been identified as people who may benefit from additional council tax support. These and the maximum levels of support are described below.

Group 1 – Working age in receipt of CTR, including DCTR Covid-19 support who require further support in paying their council tax. This support is capped to £250.

Group 2 – All recipients of CTR, including any existing discretion within the CTR scheme who require additional support in paying council tax. This support is capped to £150.

Group 3 – Any Council Tax payer that is financially vulnerable as a consequence of Covid-19 and is unable to meet council tax payments. This support is capped to £150. Examples include: people who have been unable to move home who would have qualified for a single occupancy discount, landlords unable to let out a property or people that have had their household income reduced or are suffering financial hardship and do not qualify for CTR.

6. Application & decision making process

Applications must be made online, with applicants being asked to detail their household income and expenditure and explaining how Covid-19 has affected their financial situation. This may include details of steps that they are taking to improve their position, such as seeking budgeting and/or debt advice or applying for payment holidays on household debt such as mortgages, loans, utilities and credit cards etc.

All applicants will have made a claim for CTR and other available discounts to reduce their council tax liability prior to DCTR being considered.

Applications will be decided on a case by case basis, with the amount of support determined by the awarding officer based on the circumstances and remaining liability of the applicant.

Successful applicants will have the DCTR applied to their council tax account and be issued with a revised bill showing the award. Applicants that are unsuccessful will be advised in writing. Applicants have the right of appeal if they disagree with the decision. Further information can be found at <https://www.valuationtribunal.gov.uk/council-tax-reduction-appeal-form-guidance>

7. Changes in circumstance

Any change in circumstances that prompts a change in DCTR will be considered and any discretionary support that is no longer required as a result of that change will be returned to the fund and redistributed as appropriate.

8. Monitoring and review

A number of factors can influence the continuation of the scheme.

- The discretionary grant fund is cash limited when the Council's allocation of funds have been distributed no further awards will be made.
- To allow for fair distribution of the funding and to ensure that as many working age customers are supported by the funding as possible the balance of funding and spending on CTR will be reviewed on a monthly basis.
- The impact of Covid-19 on CTR is anticipated to change over the course of the 2020-21 financial year the Council reserve the right to adapt this scheme as appropriate in consultation with the Director of Corporate Services and Cabinet Member for Housing, Revenues & Benefits.
- The Council also reserve the right to distribute any remaining funding at the end of the financial year to support the overall cost of CTR or to support other welfare spending such as Discretionary Housing Payments.